



State of Washington  
Department of Revenue

# Excise Tax Advisory

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Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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NUMBER: 070.08.106:

CONVERSION DATE: July 1, 1998

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## SALE OF TANGIBLE PERSONAL PROPERTY BY A JOINT VENTURER TO THE JOINT VENTURE

Issued July 15, 1966

Is the simple sale of tangible personal property by a joint venturer to a joint venture of which he is a member exempted from the Sales Tax under Rule 106?

The taxpayer, joint venturer, transferred certain equipment items to the joint venture which he claimed were exempt under Rule 106 as having been, in effect, transfers of capital assets to a joint venture in exchange for an interest in the venture. The venturers each placed certain amounts of cash in the venture, after which equipment belonging to the taxpayer was transferred to the venture in exchange for cash amounts as agreed by the venturers. The taxpayer contended that the joint venture's cash was simply used as a balancing medium to facilitate establishing the joint venture interests.

The Tax Commission held that the simple sale of tangible personal property to a partnership of which he is a member is not a transaction exempted from the Sales Tax under Rule 106. The Commission has uniformly asserted the Sales Tax to be due upon transactions of this kind.

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***ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.***

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Please direct comments to:  
Department of Revenue  
Legislation & Policy Division  
P O Box 47467  
Olympia, Washington 98504-7467  
(360) 753-4161 eta@DOR.wa.gov